

affect direct spending and governmental receipts, pay-as-you-go procedures would apply. Assuming appropriation of the necessary amounts to implement the bill, CBO estimates that its enactment would reduce budget surpluses by \$255 million over the 2001–2006 period.

H.R. 333 contains several intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates the costs would be insignificant and would not exceed the threshold established in that act (\$55 million in 2000, adjusted annually for inflation). Overall, CBO expects that enacting this bill would benefit state and local governments by enhancing their ability to collect outstanding obligations in bankruptcy cases.

H.R. 333 would impose private-sector mandates, as defined by UMRA, on bankruptcy attorneys, creditors, bankruptcy petition preparers, debt-relief agencies, and credit and charge-card companies. CBO estimates that the direct costs of these mandates would exceed the annual threshold established by UMRA (\$109 million in 2000, adjusted annually for inflation).

Major provisions: In addition to establishing means-testing for determining eligibility for chapter 7 bankruptcy relief, H.R. 333 would:

Require the Executive Office for the United States Trustees (U.S. Trustees) to establish a test program to educate debtors on financial management;

Authorize 23 new temporary judgeships and extend five existing judgeships in 21 federal districts;

Permit courts to waive chapter 7 filing fees and other fees for debtors who could not pay such fees in installments;

Require that at least one of every 250 bankruptcy cases under chapter 13 or chapter 7 be audited by an independent certified public accountant;

Require the Administrative Office of the United States Courts (AOUSC) to receive and maintain tax returns for certain chapter 7 and chapter 13 debtors;

Require the AOUSC and the U.S. Trustees to collect and publish certain statistics on bankruptcy cases; and

Increase chapter 7 and chapter 13 bankruptcy filing fees and change the budgetary treatment of such fees.

Other provisions would make various changes affecting the bankruptcy provisions for municipalities and the treatment of tax liabilities in bankruptcy cases.

Estimated cost to the Federal Government: As shown in the following table, CBO estimates that implementing H.R. 333 would result in a net decrease in discretionary spending of \$23 million over the 2002–2006 period, subject to appropriation actions. In addition, we estimate that mandatory spending for the salaries and benefits of bankruptcy judges would increase by less than \$500,000 in 2001 and by \$18 million over the 2002–2006 period. Enacting the bill's provisions for adjusting filing fees would reduce revenues by \$260 million over the next five years. That change in revenues would be more than offset, however, by increased collections to be credited against discretionary spending if future appropriation actions are consistent with the bill. (The estimated net decrease in discretionary spending of \$23 million reflects an increase in

	By fiscal year, in millions of dollars					
	2001	2002	2003	2004	2005	2006
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Means-Testing (Section 102)						
Estimated Authorization Level	0	11	10	10	10	9
Estimated Outlays	0	9	10	10	10	9
GAO, SBA, and U.S. Trustees Studies (Sections 103, 230, and 443)						
Estimated Authorization Level	0	1	1	0	0	0
Estimated Outlays	0	1	1	0	0	0
Debtor Financial Management Training (Section 105)						
Estimated Authorization Level	0	3	1	0	0	0
Estimated Outlays	0	2	1	1	0	0
Credit Counseling Certification (Section 106)						
Estimated Authorization Level	0	4	3	3	4	4
Estimated Outlays	0	3	3	3	4	4
Maintenance of Tax Returns (Section 315)						
Estimated Authorization Level	0	1	2	2	2	2
Estimated Outlays	0	1	2	2	2	2
Changes in Bankruptcy Filing Fees (Sections 325 and 418)						
Estimated Authorization Level	0	-51	-59	-59	-55	-55
Estimated Outlays	0	-51	-59	-59	-55	-55
U.S. Trustee Site Visits (Section 439)						
Estimated Authorization Level	0	3	2	2	2	3
Estimated Outlays	0	2	2	2	2	3
Compiling and Publishing Data (Sections 601–602)						
Estimated Authorization Level	0	0	8	8	7	7
Estimated Outlays	0	0	8	8	7	7
Audit Procedures (Section 603)						
Estimated Authorization Level	0	0	14	17	18	19
Estimated Outlays	0	0	14	17	18	19
Additional Judgeships—Support Costs (Section 1224)						
Estimated Authorization Level	1	7	13	14	15	14
Estimated Outlays	1	7	13	14	15	14
FTC Toll-Free Hotline (Section 1301)						
Estimated Authorization Level	0	2	1	1	1	1
Estimated Outlays	0	2	1	1	1	1
Total Discretionary Changes						
Estimated Budget Authority	1	-19	-5	-2	4	4
Estimated Outlays	1	-24	-5	-2	4	4
CHANGES IN DIRECT SPENDING						
Additional Judgeships (Section 1224)						
Estimated Budget Authority	1	2	4	4	4	4
Estimated Outlays	1	2	4	4	4	4
CHANGES IN REVENUES						
Changes in Revenue from Filing Fees						
Estimated Revenues	0	-45	-53	-54	-54	-54

¹ Less than \$500,000.

Note: GAO = General Accounting Office.

SBA = Small Business Administration.

FTC = Federal Trade Commission.

Basis of Estimate: For purposes of this estimate, CBO assumes that H.R. 333 will be enacted during the third quarter of fiscal year 2001 and that the amounts necessary to implement the bill will be appropriated for each fiscal year.

Spending subject to appropriation

Most of the estimated increases in discretionary spending would be required to fund the additional workload that would be imposed on the U.S. Trustees. These increases would be more than offset by changes in bankruptcy filing fees that would be recorded as offsetting collections under the bill. CBO estimates that implementing H.R.

333 would result in a net reduction in discretionary costs of \$23 million over the 2002–2006 period.

Means-Testing (Section 102). This section would establish a system of means-testing for determining a debtor's eligibility for relief under chapter 7. Under the means test, if the amount of debtor income remaining after certain expenses and other specified amounts are deducted from the debtor's current monthly income exceeds the threshold specified in section 102, then the debtor would be presumed ineligible for chapter 7 relief. A debtor who could not demonstrate "extraordinary circumstances," which would cause the expected disposable income to fall below

the threshold, could file under other chapters of the bankruptcy code.

Although the private trustees would be responsible for conducting the initial review of a debtor's income and expenses and filing the majority of motions for dismissal or conversion, CBO expects that the workload of the U.S. Trustees would increase under the means-testing provision. The U.S. Trustees would provide increased oversight of the work performed by the private trustees, file